"His Highness the late Maharaja felt keenly that the enhanced subsidy took away from him the valued privilege of contributing troops for Imperial purposes. This had been his feeling for some years, when towards the latter part of 1887 he heard of the new policy of Lord Dufferin of allowing the Native States to improve a portion of their Troops and to offer the same for service side by side with the English troops for Imperial Defence. This new policy showed the anamalous military position of Mysore in a stronger light than even before; for, on the one hand this large State was being asked to commute into a money payment, the troops it was bound to contribute on occasions of war; on the other hand, other States were being encouraged under the new policy to offer new contributions of specially trained war troops for imperial purposes. In the new policy His Highness saw an opportunity which would justify a reconsideration of the older policy which had led to the imposition of the enhanced subsidy. His Highness knew full well that the existing army in Mysore (which before the Rendition had been reduced to the minimum required for local purposes) was quite insufficient for furnishing any troops for Imperial Service, and he was also convinced that the State could not afford to raise additional new troops for Imperial Service if the enhanced subsidy (then in abeyance) was eventually to be levied. And yet he was most anxious to be allowed a direct part in the Milit ry Defence of the Empire and to be afforded an opportunity for showing his personal loyalty in the field. Animated by these sentiments he made the offer contained in his letter, dated 17th December 1887. In that letter, he represented"that his duty of military service to the

Paramount Power was not being discharged in the best way possible and he asked to be allowed to raise new troops for Imperial Defence. In thus offering to raise new troops, he did not say how the cost should be met, for he naturally preferred to make no suggestion upon that point, and he expected - not unreasonably - that the cost of any new troops he might be permitted to raise for Imperial Service would surely be taken into account, when the time arrived for the levy of the enhanced subsidy"

It will be seen that while the offer of the Imperial Service units was valuntary enough (at least so far as the Regiment of Lancers is concerned) it was coupled with an expectation that in view of the cost of the Regiments the British Government would generously waive their claim to enhanced subsidy. As it turned out, however, the offer of the Imperial Service troops was accepted by the Government of India and had to be fulfilled while the expected relief from the payment of increased subsidy was refused . In 1880 the Government of India had written "The (increased) subsidy will discharge the State of its existing (but it may be added nominal and unenforced) obligation to maintain a contingent for service outside its territory". But within two decades after this, the Mysore State found itself, no doubt by voluntary act committed again to obligations from which, she had been expressedly relieved.

To recapitulate, the following are the details of the Mysore contribution for the military defence of the Empire. The calculations are carefully made by Mr. K. L. Datta (late of the Indian Finance Department) and may be relied upon as being approximately correct:-

Indirect subsidy contributed by Mysore to the Government of India.

Gain of Government of India on opium sold to Mysore - -	---	Rs. 5,000
Salt duty - - - -	---	Rs.14,17,000
Customs duty --- --	---	Rs.20,60,000
Profits on circulation of currency notes.	-	Rs. 8,00,000
Profits on the coinage of silver --	-	Rs. 4,5 ,000
Profits on nickel and Nickel coins --	-	Rs. 32,000
Commission on money Orders. --		Rs. 83,000
Imperial Service Regiment and Imperial Service Transport Corps.	..	Rs. 7,50,000
Extra expenditure incurred on account of Mysore Troops. ..	..	Rs. 1,00,000
Income tax on surplus profits of Railways.	..	Rs. 7,000
Government of India share of surplus profits on 56 miles of railway from Bangalore to Hanamkonda.	..	Rs. 67,000
Total	..	Rs.5 ,81,000

or

in round figures 53 lakhs.

Adding to the above, the subsidy of Rs. 35 lakhs, the total contribution of Mysore comes to Rs. 86 lakhs or Rs. 1.51 per head of population. In the case of India as a whole, including British possessions and Indian States, the corresponding average figure for the years 1912-13 to 1914-15 is less than one rupee per head.

In these calculations, the recent increase in military charges of the Government of India, which is due to the War and to a great extent of a temporary character and towards which Mysore has contributed liberally apart from the subsidy, has not been taken into account.

It has to be conceded that many of the arguments urged above were already submitted to the Government of India and the Secretary of State on previous occasions by the Mysore Durbar. In my opinion those arguments and representations have lost none of their force at the present moment and can be reiterated with greater emphasis under the altered circumstances of the present time. The excessive burden laid on the State for military defence has been a standing grievance to the people of Mysore for a long time. The Durbar have always been reluctant to put forward any proposal which may cause the least embarassment to the Supreme Government and it is for this reason that they have not put forward such a representation so long as financial relief was not absolutely necessary. But they now feel that the rectification of the anomalous situation of the Mysore State and the disadvantage which its population labours under in the matter of tribu to may appropriately form one of the post-war adjudtments in the

Indian political system. They would also respectfully urge that when compared with the amount dealt with in the British Indian budget the Mysore subsidy is too insignificant an item to cause any appreciable dislocation. Above all, any increase in the economic prosperity of the people of Mysore and the development of the resources of the State are of great importance and advantage to the Government of India for, in times of necessity the entire resources of the State are unreservedly at the disposal of the Paramount Power.

The recent financial review published by the Durbar giving a decennial review and quinquennial forecast of the State's finances will indicate the tension which at present exists in the adjustment of financial responsibilities of the Mysore Durbar in regard to the various branches of administration and works of development. In spite of the fairly high level of taxation in Mysore, the Review shows that there is no appreciable surplus in the budget and adequate funds are not available for development. In fact, after providing for necessary reserves, the revenues fall short of the expenditure by about 5½ lakhs per annum. In recurring administration charges, there is no prospect of any retrenchments: on the other hand, there is a crying need in all parts of the State for rapid progress in Education, Sanitation, Medical relief, Agricultural and Industrial Development. Re-construction problems after the War are exercising their influence over all parts of India and over Native States administration as well and to keep abreast of all progressive ideas of administration, it is imperative that liberal grants should be provided in regard to the several branches connected with development works and the material

and moral prosperity of the people. The subordinate staff of the various Government departments still remain under-paid and with the increase in the cost of living, a substantial improvement in the scale of pay of such public servants is a matter of urgent necessity Owing to restricted grants under Public Works, the condition of roads irrigation works and buildings has considerably deteriorated and a very very large additional recurring expenditure is necessary to improve them. The programme of capital expenditure in respect of works already commenced will, during the next five years involve an outlay of over five crores of rupees. In selling the securities with a view to find money for capital expenditure which the Durbar resolved to do upon the advice of Mr. K.L.Datta, Special Financial Adviser, they have recently sustained a loss of nearly 32 lakhs which has to be written off the accounts under Assets and Liabilities; and when further securities are also sold, additional losses will have to be faced. The durbar will have to borrow very largely from next year to meet their capital works programme as there will be no savings that may be expected to accumulate from the year's financial transactions from which such expenditure could be met.

As regards military obligations, the Durbar have voluntarily offered their contribution towards Imperial Defence and to what extent the Imperial Service troops have been useful in time of need is a matter within the fullest cognizance of the Government of India and the Imperial Government. The Government of India accepted His Highness' loyal offer to assist the Imperial defence on the assurance that the cost of keeping up such troops will not strain the resources

of the State. In 1893, Sir Sheshadri Iyer very emphatically represented that Mysore cannot maintain an additional force costing 7 lakhs and also pay the enhanced subsidy and that the burden upon Mysore will not be heavier if in lieu of the addition of 10½ lakhs, Mysore is asked to maintain a suitable force for active service whenever called upon. He urged that such an arrangement would be in accordance with what was in force under the Treaty of 1807 and would enable the Maharaja to fulfil his loyal wish to take a suitable part in the scheme of Imperial defence.

During the 4½ years of war, mobilization and other charges came to 11½ lakhs which my Government have willingly borne from their general revenues declining to accept the generous offer made by the Government of India that it may form the charge against His Majesty's Government. Vide Residency letter dated the 19th March 1919 and the Durbar's letter dated the 18th July 1919.

The cost under the Imperial Service Regiment and the Imperial Service Transport Corps during the past ten years has increased from Rs. 6,20,000 to Rs. 7,40,000 and the standard of expenditure under Military is estimated to be about 14. Adding 7 lakhs the present subsidy, the total military expenditure of Mysore represents a very heavy percentage of the total revenues - totally disproportionate to the military needs under internal protection or imperial defence. As already explained the total contribution Mysore pays to the Government of India direct and indirect - at present stands at a figure which is higher than the average for the whole of the British possessions and the Indian States.

Mysore being an inland State is to a very large extent handicapped in the development of her public revenues. The question of levying export and import duties bristles with many difficulties; the imposition of income-tax willhardly bring an appreciable increase and the requirements under obligatory schemes to develop education and promote medical relief and sanitation in the State, will involve a very large additional recurring expenditure amounting to over 30 lakhs per annum during the next five years. Even making allowances for the growth of revenue under Land Revenue, Mysore Railways and Krishnaraja Sagara Irrigation works, the State has now to face a serious deficit having regard to the progress in expenditure to which it is morally committed during the next quinquennium.

The Durbar therefore are anxious that the question should be reopened on the just principles so eloquently urged by Sir J.D.Gordon in his letter quoted in paragraph .....supra and the Government of India may now consider all the changed circumstances of the case relating to the Mysore subsidy and take a generous view of the situation both on the grounds of financial necessity as well as grounds of political expediency.

Mysore at present occupies a peculiar and judged by popular standards a ~~marking~~ markedly inferior position of being required to pay a heavy cash tribute for which there is no political necessity on account of military considerations. There is hardly any justification for the population of Mysore to be burdened with a contribution from which the subjects of most of the Indian States are practically free and Mysore may now

and Mysore may now claim under the altered circumstances of post-war reforms and schemes of re-construction, to enjoy the same financial facilities as regards enonomics and educational development as are sure to be amply provided in other part of the Empire. On the grounds of financial embarassment, the Mysore Durbar would urge that they have very strong claims for generous treatment in regard to the subsidy. I may quote at least two instances in which the Government of India were pleased to reduce the tribute payable to Native States on account of such embarassment, viz., that of Udaipur where it was reduced to 2 lakhs of rupees and Bunswara which was reduced to only Rs. 5,000.

I am fully alive to the obligations imposed upon me by the Treaty in regard to the contribution for the Imperial common defence. All my resources are at the disposal of the Imperial Government in time of War or stress and as stated in the Report on Constitutional Reforms"with one accord the Rulers of Native States in India have rallied to the Empire when war was declared. They have offered their personal services and the resources of their State...."

Now that Peace is declared and the whole world is rejoicing in the prospect of a long continued era of progress and development and all Nations will be calling forth to the fullest extent of their resources in the direction of a higher and fuller life, I now place the case in regard to the Mysore subsidy before Your Excellency with perfect confidence and earnest expectation of a just and generous decision on the question of such vital importance to the future progress of Mysore.